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OSMA-5257

OCT 26 1954

Chief, Public Operations Base
Attn: []
Chief of Base, Bonn

Info: DUB
Chief, AK

Operational/CANLET

TPOASIR/CANLET Report on Investigation

Ref: OSMA-17649

1. The following comments appears pertinent with respect to some of the CANLET assertions reported in reference dispatch.

2. Re Paragraph 1-4: CANLET no doubt refers here to his identity (1) publication, 250 copies of which were bought by the [] organization for distribution to the Soviet Zone. Prior to authorizing this purchase, the undersigned case officer discussed with Mickey Boerner the possibility that CANLET had already received a HICOG subsidy for this book. Boerner advised us that he had originally planned to subsidize this book on the basis of a suggestion by CANLET for the publication of a factual reportage of the events in question. The drafts submitted by CANLET were, however, not what Boerner had expected and CANLET did not agree to a re-write. Boerner, therefore, decided not to subsidize the book. Two facts are thus clear: (a) CANLET can only refer to HICOG when he claims that a pledge was not kept; and (b) CANLET did not follow the original plan outlined to Boerner and it is, therefore, CANLET's own fault that Boerner did not feel called upon to go through with the subsidy.

3. Re Paragraph 1-5: The subsidization of the so-called "Political Archives" was strictly a HICOG matter. The way it was explained to us by Kimenthal, this action involved a fairly large one-time grant by HICOG to initiate it and maintain it until such time as it became self-supporting. There was no promise whatever to subsidize this action on a continuing basis, and this subject in no way enters into the EUBARK/CANLET relationship or the present fraud investigation.

4. Re Paragraph 1-4: we know that CANLET periodically made such proposals to HICOG Public Affairs, a good number of which were subsidized by HICOG. We are also sure, however, that Boerner never allowed CANLET to go ahead with any of these proposals unless and until he had given his specific authorization. Again, CANLET must be referring to the proposals made to HICOG, but it is clear that it is his own fault if he went ahead and incurred expenses for which HICOG did not reimburse him.

5. CANLET's reference to these matters is, thus, irrelevant to the present fraud investigation. In this connection, it should also be made clear that CANLET has always been perfectly aware of the fact that he

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was dealing with the U. S. Government via two distinctly separate channels, i.e., NICO Public Affairs in Bonn and another agency in Berlin. He further was fully aware of the fact that the above matters were the subject of discussions only with NICO Public Affairs. He cannot now claim that he was confused on these channels and that the above questions legitimately enter into the fraud committed upon KUBARK.

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Identity (1)

25 October 1954

Distribution:

2 - NS, w/encl.
3 - GCH, w/encl.
3 - RF, w/encl.

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